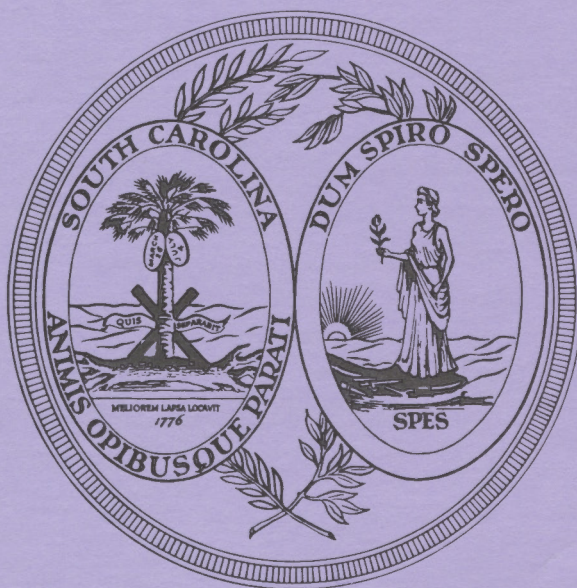


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SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS



ANNUAL REPORT 1991-1992

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LETTER OF TRANSMITTAL

The Honorable Carroll Campbell Governor and Members of the General Assembly.

Gentlemen and Ladies:

We are pleased to submit, in accordance with the requirements of the S.C. Consumer Protection Code, the Eighteenth Annual Report of the S.C. Department of Consumer Affairs for the period July 1, 1991 to June 30, 1992. Correspondence may be addressed to all Commissioners, c/o S.C. Department of Consumer Affairs, Post Office Box 5757, Columbia, S.C. 29250

Respectfully submitted,

COMMISSION ON CONSUMER AFFAIRS

Lehman A. Moseley, Jr., Chairman, Greenville

Dr. Lonnie Randolph, Jr., Vice Chairman,
Columbia

Jim Miles, Chapin

Rev. A. Clark Jenkins, Columbia

Gene McCaskill, Camden

Richard C. Moore, Greenville

Thomas L. Moore, Clearwater

Timothy F. Rogers, Columbia

DeAnna Trout, Moncks Corner

Emil W. Wald, Rock Hill

Harry Walker, Columbia

NOTE: Mrs. Barbara League, Greenville; Mrs. Lillian Bloom, Greenville; and Mr. Robert Leapord, Greer were elected by the General Assembly in 1992 to fill Commission vacancies.

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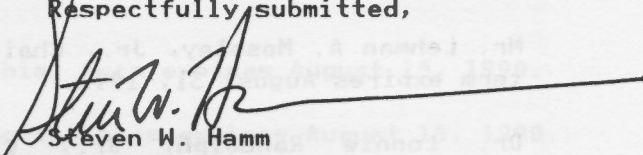
REPORT

TO: The S.C. Commission on Consumer Affairs

Gentlemen and Ladies:

In compliance with the requirements of the S.C. Consumer Protection Code, I am pleased to provide you with the Annual Report of the S.C. Department of Consumer Affairs covering Fiscal Year 1992. This is a report of the S.C. Department of Consumer Affairs and includes information on its operation, functions, duties, and organization. Information on consumer complaints and registered creditors subject to the provisions of the S.C. Consumer Protection Code is included in summary form.

Respectfully submitted,



Steven W. Hamm
Administrator

October 15, 1992

Columbia, South Carolina

DEPARTMENT OF CONSUMER AFFAIRS
Organization

I. COMMISSION ON CONSUMER AFFAIRS

The Commission on Consumer Affairs is composed of 9 members, one of whom is the Secretary of State. Of the remaining 8 members, the General Assembly elects four other members from outside the legislature and the Governor appoints four members whose appointments are confirmed by the Senate. The commission is the policy making and governing authority of the S.C. Department of Consumer Affairs, appoints the Administrator and is responsible for enforcement of the S.C. Consumer Protection Code. As of the date of this report, the members of the S.C. Commission on Consumer Affairs are:

Mr. Lehman A. Moseley, Jr., Chairman, Attorney, Greenville, term expires August 31, 1993.

Dr. Lonnie Randolph, Jr., Vice-Chairman, Optometrist, Columbia, term expired August 31, 1990, but still serving.

Secretary of State Jim Miles, Chapin.

Rev. A. Clark Jenkins, Minister, Johns Island, term expired August 31, 1989.

Gene McCaskill, Businessman, term expires August 31, 1991.

Mr. Richard C. Moore, Attorney, Greenville, term expires August 31, 1992.

Mrs. DeAnna Trout, Businesswoman, Moncks Corner, term expires August 31, 1994.

Mr. Emil W. Wald, Attorney, Rock Hill, term expires August 31, 1991.

Mr. Harry Walker, Businessman, Columbia, term expires August 31, 1992.

II. COUNCIL OF ADVISORS ON CONSUMER CREDIT

The Council of Advisors on Consumer Credit consists of 16 members who are appointed by the Governor. One of the advisors is designated by the Governor as chairman. The Council advises and consults with the Administrator concerning the exercise of his powers under the S.C. Consumer Protection Code and may make recommendations to the Administrator. Members may assist the Administrator in obtaining compliance with the S.C. Consumer Protection Code. The following served as members of the Council of

Advisors during the period July 1, 1991 through June 30, 1992.

Charlton Whipple, Chairman, Columbia, term expires August 15, 1991.

Adair Crawley, Secretary, Columbia, term expired August 15, 1989 but still serving.

Mason G. Alexander, Greenville, term expires August 15, 1991.

William C. Brock, term expires August 15, 1991.

Larry Emanuelson, North Charleston, term expires August 15, 1990.

F. M. C. Fralix, Columbia, term expires August 15, 1990.

Robert N. Hubbs, Lexington, term expires August 15, 1990.

C. Richard Kelly, Columbia, term expires August 15, 1992.

Daniel R. Molony, Charleston, term expires August 15, 1990.

William W. Murphy, Columbia, term expired August 15, 1989 but still serving.

Derial L. Ogburn, Columbia, term expires August 15, 1992.

Linda Reeves, Rock Hill, term expired August 15, 1988 but still serving.

Charlie Walters, Greenville, term expires August 15, 1993.

Patrick Earl Watson, Columbia, term expires August 15, 1991.

Two vacancies

III. COMMITTEE ON CONSUMER AFFAIRS

The Committee on Consumer Affairs monitors the implementation of the S.C. Consumer Protection Code and serves as a continuing liaison between the S.C. Department of Consumer Affairs and the General Assembly. As of the date of this report the Committee Members are:

Sen. Isadore E. Lourie

Sen. J. Verne Smith

Rep. Dick Elliott

Rep. Eugene LeRoy Nettles, Jr.

Mr. James F. Lyles

Ms. Blondell Ragin

Mr. W. E. Vereen

IV. S.C. DEPARTMENT OF CONSUMER AFFAIRS

History and Purpose

The S.C. Department of Consumer Affairs was established by the S.C. Consumer Protection Code, the state law which governs consumer credit transactions and provides for consumer protection in South Carolina. The law, which was signed by the Governor on August 13, 1974 became effective on January 1, 1975. As the state agency designated to represent the interests of consumers, the S.C. Department of Consumer Affairs attempts to resolve complaints and seeks to inform and educate consumers in order to create an atmosphere in which consumers will be more aware of their rights and responsibilities in the marketplace. On July 25, 1978, the law was amended to create the division of Consumer Advocacy as a part of the S.C. Department of Consumer Affairs, in order to assure that the consuming public was represented before regulatory agencies undertaking to fix rates or prices for consumer products or services.

Organization

The S.C. Department of Consumer Affairs is organized into four divisions: Administration, Consumer Services (complaints), Consumer Advocacy and the Legal Division.

Main Objectives of the Department

As initially created, the primary function of the S.C. Department of Consumer Affairs is to regulate the consumer credit marketplace, to attempt to resolve any complaint arising out of the production, promotion or sale of consumer goods or services in South Carolina, whether or not credit is involved, and to promote a healthy competitive business climate with mutual confidence between buyers and sellers. The function and duties of the division of Consumer Advocacy are to provide legal representation of the consumer interest before state and federal regulatory agencies when these agencies undertake to fix rates or prices for consumer products or services or to enact regulations or establish policies. In addition to its legal representation role, the division of Consumer Advocacy also monitors existing regulations, rate structures, and policies of special consumer interest and is charged with the responsibility of reporting, through the media, to the general public on the effect of the proposed changes on their lives. The department also licenses, registers and regulates motor clubs, physical fitness service organizations, pawn brokers, mortgage loan brokers and enforces the private personnel placement services act and the unsolicited telephone calls act.

Services

The S.C. Department of Consumer Affairs serves consumers through the following activities:

- (a) Analysis and investigation of individual complaints;
- (b) Investigation of business practices if patterns of fraud are indicated or suspected;
- (c) Referral to agencies with direct jurisdiction for immediate and specific assistance;
- (d) Public educational and informational programs designed to educate the consumer about credit practices and problems, unfair and deceptive practices, remedies and relief available to consumers and current utility and insurance issues;
- (e) Initiation of and participation in legal actions to prevent individuals from violating the S.C. Consumer Protection Code, to prohibit unconscionable conduct, and to protect consumers from having to pay excessive utility and insurance rates;
- (f) Inform consumers who file a request under the Freedom of Information Act whether complaints have been filed against a particular company and how said complaints were resolved;
- (g) Legal representation of the public in utility and insurance rate and policy proceedings before state and federal regulatory agencies.
- (h) licensing and regulation of motor clubs, rent-to-own businesses, physical fitness service organizations, pawn brokers, mortgage loan brokers, automobile brokers, athletic agents, private personnel placement agencies and telephone solicitation companies.

The S.C. Department of Consumer Affairs does not:

- (a) Advise whether or not a business is reputable;
- (b) Advise a consumer to buy a particular product or service or to patronize a particular business; and
- (c) Provide information such as the location or phone number of a business.

V. OFFICE OF ADMINISTRATOR OF CONSUMER AFFAIRS

The Administrator is appointed by the Commission on Consumer Affairs, serves at its pleasure, and is responsible to the commission for the following functions and purposes as prescribed by the S.C. Consumer Protection Code:

To further consumer understanding of the terms of credit transactions and to foster competition among the suppliers of consumer credit so that consumers may obtain credit at reasonable cost.

To protect consumer buyers, lessees, and borrowers against unfair practices by some suppliers of consumer credit having due regard for the interests of legitimate and scrupulous creditors. To permit and encourage the development of fair and economically sound consumer credit practices.

To conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act.

To implement the S.C. Consumer Protection Code in the state of South Carolina in accordance with the terms and provisions therein contained.

To establish programs for the education of consumers with respect to credit practices and problems.

To counsel persons and groups of their rights and duties under the S.C. Consumer Protection Code.

To make appropriate studies to effectuate the purposes and policies of the S.C. Consumer Protection Code and to make the results of such studies available to the public.

To report on the use of consumer credit in South Carolina and to report on the problems of persons of small means in obtaining credit.

To cooperate with and assist the S.C. Attorney General, the United States Attorney and all state and local agencies performing consumer protection functions in carrying out their legal enforcement responsibilities for the protection of consumers.

To initiate and encourage programs that inform consumers of market practices and schemes which are fraudulent, deceptive or illegal; how to detect and avoid abusive consumer transactions; and of remedies and relief available to consumers.

To receive complaints of individuals pertaining to any consumer transaction arising out of the production, promotion or sale of consumer goods and services; endeavor to determine the probable basis and merit of such complaints and advise the complainant of such determination;

To refer to the appropriate state or federal agency any complaint which is under the jurisdiction of such agency for appropriate action;

To endeavor to bring about a voluntary adjustment of any such complaint not within the jurisdiction of any regulatory or enforcement agency;

To undertake activities to encourage business and industry to maintain high standards of honesty, fair business practices, and public responsibility in the production, promotion, and sale of consumer goods and services;

To study the operation of consumer protection laws and recommend to the Governor and the General Assembly new laws and amendments to laws which would promote the protection of legitimate interests of consumers within this state.

The Administrator is also the Consumer Advocate for the state of South Carolina. The Consumer Advocate provides legal representation of the consumers interest before regulatory agencies undertaking to fix rates or prices for consumer products or services, enact regulations or establish policies.

The Consumer Advocate also monitors regulations, rate structures and policies of regulatory agencies and brings items of special interest and importance to consumers for their attention through the news media.

DIVISION OF ADMINISTRATION

The Division of Administration is responsible for providing budget, supply, personnel, training, data processing, news releases and consumer protection education and other administrative support to the S.C. Department of Consumer Affairs. In addition, the division is responsible for maintaining files and accounting for revenue generated from the following acts:

- S.C. Consumer Protection Code and Credit Notification
- Maximum Rate Schedules
- Motor Clubs Service Act
- Physical Fitness Services Act
- Pawnbrokers Act
- Mortgage Loan Brokers Act
- State Continuing Care Retirement Community Act
- Athletic Agents Act

The following table shows the Budget Status Report for Fiscal Year 1991-1992.

A. STATEMENT OF EXPENDITURES

ACCOUNT	APPROPRIATIONS	EXPENDED	BALANCE
Administration:			
Personnel: (FTE)	(18.00)		
Unclassified	136,965.00	136,962.00	3.00
Classified	332,094.00	332,070.00	24.00
Other	2,688.00	1,995.00	693.00
Operations:	272,815.00	272,428.00	387.00
Legal:			
Personnel: (FTE)	(16.50)		
Classified	363,617.00	363,605.00	12.00
Operations:	22,156.00	22,156.00	0.00
Consumer Services:			
Personnel: (FTE)	(10.00)		
Classified	210,941.00	210,900.00	41.00
Operations:	19,016.00	19,016.00	0.00
Consumer Advocacy:			
Personnel: (FTE)	(9.50)		
Classified	251,255.00	251,208.00	47.00
Operations:	281,143.00	265,340.00	15,803.00
Employer			
Contributions:	310,667.00	300,874.00	9,793.00
Totals:	<u>2,203,357.00</u>	<u>2,176,554.00</u>	<u>26,803.00</u>
	=====	=====	=====
Total Authorized FTE	(54.00)		

Note 1 - Forfeiture of Financial Responsibility

In fiscal year 1992 \$24,998.60 was returned to consumers from settlement of litigations. A balance of \$32,869.89 was carried forward to fiscal year 1993 for the same purpose.

Note 2 - Violations of SCCPC or TILA

In fiscal year 1992 the Department of Consumer Affairs collected \$81,405.00 in administrative penalties to offset the cost of enforcement actions in process. A total of \$26,684.97 of these funds were carried forward for use in fiscal year 1993.

Note 3 - Expert Witness Contractual Obligations

Proviso 80.4, 1991-92 Appropriations Act authorizes unexpended encumbered appropriated funds for the expert witness/assistance program to be carried forward into the next fiscal year. The Department carried forward \$15,803 for this purpose.

Category	Creditor		Creditor		Creditor		Creditor		Creditor	
	Loc	Multi	Loc	Multi	Loc	Multi	Loc	Multi	Loc	Multi
Appliance Dealers	65	37	137	207	97	2				
Athletic Clubs	5	8	8	2						
Automobile Parts	96	87	98	198	159					
Banks	32	81	875	897	84					
Boat/Airplane Dealers	11	7	4	17	14					
Building Materials	37	51	191	284	74					
Consumer Finance	159	90	747	875	219					
Consumer Insurance	9	1	5	17	18					
Consumer Leases	15	1	5	14	17					
Conventions	19	6	13	32	25					
Credit Union	20	4	24	44	28					
Department Stores	18	8	199	509	18					
Educational Institution	4	0	0	4	4					
Exercise Clubs	8	1	1	1	1					
Farm Equipment	32	7	2	37	22					
Florists	9	8	8	7	7					
Furniture Stores	37	9	19	46	36					
General Merchandise	9	2	18	19	15					
Hardware/Paint Stores	26	4	17	72	42					
Home Furnishings	195	26	211	482	208					
Hospitals	11	2	17	28	16					
Jewelry	29	31	130	159	68					
Mobile Homes	44	31	81	92	43					
Motor Vehicles	432	57	43	216	498					
Oil Companies	24	32	151	147	48					
Pharmacies/Drug Stores	32	2	4	37	32					
Professional	4	2	11	18	7					
Private Service	6	1	1	7	7					
Real Estate	3	1	7	9	4					
Recreation Vehicle	19	3	3	24	22					
Rent to Own	32	30	152	145	22					
Regulated Lenders	1	1	7	4	2					
Repair Shops	2	8	8	2	2					
Retail Merchants	224	51	147	271	272					
Sales Finance	2	3	1	9	2					

REGISTERED CREDITORS

The S.C. Consumer Protection Code requires that persons who make consumer credit sales, leases or loans, or persons who engage in rent-to-own, and persons who take assignments of rights against debtors arising from such transactions are required to file a notification form and pay a notification fee to the S.C. Department of Consumer Affairs for each location at which such transactions are made. The following table shows the type, and number of locations of such creditors currently registered with the S.C. Department of Consumer Affairs.

	(1) Single Loc Creditors	(2) Multi Loc Creditors	(3) Multi Loc	(4) Total Loc Paying (1+3)	(5) Total Filings Mailed (1+2)
Appliance Dealers	64	27	137	201	91
Athletic Clubs	2	0	0	2	2
Automobile Parts	96	33	98	194	129
Banks	25	61	872	897	86
Boat/Airplane Dealers	11	3	6	17	14
Building Materials	53	21	151	204	74
Consumer Finance	129	90	743	872	219
Consumer Insurance	9	1	2	11	10
Consumer Lease	12	1	2	14	13
Cemeteries	19	6	13	32	25
Credit Unions	20	6	24	44	26
Department Stores	10	8	199	209	18
Educational Institution	4	0	0	4	4
Exercise Clubs	0	1	1	1	1
Farm Equipment	22	3	5	27	25
Florists	7	0	0	7	7
Funeral Homes	27	9	19	46	36
General Merchandise	9	3	10	19	12
Hardware/Paint Stores	56	6	17	73	62
Home Furnishings	192	56	211	403	248
Hospitals	11	5	17	28	16
Jewelry	29	31	130	159	60
Mobile Homes	44	21	51	95	65
Motor Vehicles	433	57	83	516	490
Oil Companies	26	22	121	147	48
Pharmacies/Drug Stores	33	2	4	37	35
Professionals	4	3	11	15	7
Premium Service	6	1	1	7	7
Real Estate	3	1	1	4	4
Recreation Vehicle	19	3	5	24	22
Rent to Own	22	30	123	145	52
Regulated Lenders	1	1	3	4	2
Repair Shops	2	0	0	2	2
Retail Merchants	224	51	147	371	275
Sales Finance	2	3	7	9	5

Spas & Health Clubs	1	3	3	4	4
Sporting Goods	7	2	7	14	9
Savings & Loan	8	26	258	266	34
Service Stations	2	1	1	3	3
Undetermined	4	0	0	4	4
Hearing Apparel	15	12	68	83	27
	-----	-----	-----	-----	-----
TOTAL	1,663	610	3,551	5,214	2,273

REVENUE:

Fees.....\$469,350.00
 Penalties.....\$ 8,119.00
 Total Received.....\$477,469.00

MAXIMUM RATE SCHEDULE FILINGS

The Consumer Protection Code Revision Act of 1982 requires that creditors who wish to charge an Annual Percentage Rate (APR) in excess of 18% must file a Maximum Rate Schedule (MRS) with the S.C. Department of Consumer Affairs. A Maximum Rate Schedule must also be posted in the creditor's place of business. The following table shows the number and type of creditors which have filed an MRS with the S.C. Department of Consumer Affairs for FY 1991-1992.

		Total Filings	Total Locations
AD	Appliance Dealers	115	205
AC	Athletic Clubs	1	1
AP	Automobile Parts	113	160
BA	Banks	85	1,493
BD	Boat/Airplane Dealers	9	10
BM	Building Materials	63	122
CF	Consumer Finance	307	1,051
CI	Consumer Insurance	2	2
CL	Consumer Leases	13	13
CP	Cemeteries	7	10
CU	Credit Unions	1	2
DS	Department Stores	8	204
EI	Educational Inst	1	1
EC	Exercise Clubs	1	1
FE	Farm Equipment	18	20
FL	Florists	0	0
FH	Funeral Homes	1	1
GM	General Merchandise	7	10
HS	Hardware/Paint Stores	58	81
HF	Home Furnishings	287	439
HO	Hospitals	0	0
JL	Jewelry	55	141
MA	Martial Arts	0	0
MH	Mobile Homes	45	51
MV	Motor Vehicles	705	733
OC	Oil Companies	21	102
PH	Pharmacies/Drug Stores	5	5
PR	Professionals	3	3
PS	Premium Service	3	3
RE	Real Estate	4	4
RV	Recreation Vehicles	21	23
RO	Rent To Own	9	24
RL	Regulated Lenders	2	4
RP	Repair Shops	3	3
RM	Retail Merchants	343	397
SF	Sales Finance	1	1
SP	Spas & Health Clubs	3	4
SG	Sporting Goods	18	31
SL	Savings & Loan	29	324

SS	Service Stations	3	3
UN	Undetermined	2	2
WA	Wearing Apparel	7	18
	TOTAL	2,379	5,702

REVENUE:

Certified Copy Fees.....	\$	8.00
Certified Rate Filing Fees.....	\$	47,440.00
Total Received.....	\$	47,448.00

MOTOR CLUB FILINGS

The Motor Club Services Act requires that all motor clubs doing business in the state, and representatives of these clubs, file with the S.C. Department of Consumer Affairs. The following information represents the motor clubs and motor club representatives filing with the S.C. Department of Consumer Affairs for FY 1991-1992.

Motor Clubs	37
Motor Club Representatives	1,175

REVENUE:

Motor Clubs	\$18,500.00
Representatives	\$23,500.00
Total Received	\$42,000.00

PHYSICAL FITNESS FILINGS

The Physical Fitness Services Act requires that all businesses offering physical fitness services in the state file with the S.C. Department of Consumer Affairs. The following information represents the physical fitness filing with the S.C. Department of Consumer Affairs for the FY 1991-1992.

	Total Filings	Total Locations
AC Athletic Clubs	40	41
AE Water Exercise	1	1
DS Dance Studios	6	6
EC Exercise Clubs	67	74
GO Golf Courses	22	22
HS Health Spa	1	3
MA Martial Arts	27	34
RM Retail Merchant	2	2
RO Rent To Own	5	6
SP Spas & Health Clubs	18	19
TS Tanning Salons	476	482
WL Weight Loss	<u>31</u>	<u>47</u>
 Total	 696	 737

REVENUE:

Certificate of Authority \$37,475.00

PAWNBROKER

The Pawnbroker Act requires that all businesses offering pawnbroker services in the state file with the S.C. Department of Consumer Affairs. The following information represents the pawnbrokers filing with the S.C. Department of Consumer Affairs for FY 1991-1992.

PAWNBROKERS FILINGS 251
 PAWNBROKERS LOCATIONS 263

REVENUE:

PAWNBROKERS \$72,675.00

MORTGAGE LOAN BROKERS

The Mortgage Loan Brokers Act requires that all businesses offering mortgage loan broker services in the State file with the S.C. Department of Consumer Affairs. The following information represents the mortgage loan brokers filing with the S.C. Department of Consumer Affairs for FY 1991-1992.

BUSINESS CATEGORIES	TOTAL FILINGS	TOTAL LOCATIONS
MB MORTGAGE BROKER	<u>123</u>	<u>134</u>
TOTAL	123	134

REVENUE:

MORTGAGE LOAN BROKERS. \$63,000.00

ATHLETE AGENTS AND STUDENT ATHLETES

The Athlete Agents and Student Athletes Act requires that all Athletic Agents operating in this state file with the South Carolina Department of Consumer Affairs. The following information represents the Athletic Agents filing with the South Carolina Department of Consumer Affairs for FY 1991-1992.

ATHLETIC AGENTS FILING 9

REVENUE:

ATHLETIC AGENTS \$2,700.00

CONTINUING CARE RETIREMENT COMMUNITIES

The State Continuing Care Retirement Community Act requires that all Continuing Care Retirement Communities operating in this state file with the South Carolina Department of Consumer Affairs. The following information represents the Continuing Care Retirement Communities filings with the South Carolina Department of Consumer Affairs for FY 1991-1992.

CONTINUING CARE RETIREMENT COMMUNITY FILINGS 21

NON APPLICABILITY FILINGS 6

REVENUE:

CONTINUING CARE RETIREMENT COMMUNITY FEES \$42,000.00

NON APPLICABILITY FEES 600.00

TOTAL \$42,600.00

LEGAL DIVISION

The investigative and legal enforcement activities of the South Carolina Department of Consumer Affairs are assigned to the Legal Division which consists of three staff attorneys, a Chief Investigator, and Assistant Chief Investigator, seven investigators, a secretary and is supervised by the Deputy for Regulatory Enforcement. Selected consumer complaints are investigated for possible violations of the law. The Division cooperates with appropriate federal, state, county, and local authorities as required.

Investigations conducted include both an information gathering procedure on selected complaints where suspected violations of the Code may be involved as well as more formal investigations where a violation of the Consumer Protection Code or other law administered by the agency is either evident or suspected.

During FY 1991-1992 the S.C. Department of Consumer Affairs continued a joint state-federal odometer investigation and prosecution effort. An investigator from the S.C. Department of Consumer Affairs continued as a special agent of the Federal Grand Jury and was responsible for developing odometer cases for Federal criminal prosecution.

In May a five year long investigation of a major automobile wholesaler in the Greenville, S.C. area culminated with guilty pleas being entered in the middle District of Pennsylvania for four individuals from South Carolina and one co-conspirator from Pennsylvania. This case involved over one thousand automobiles with altered odometers. This case was prosecuted by the U.S. Justice Department Office of Consumer Litigation.

During this reporting year seven automobile dealers were convicted for odometer tampering in the District of South Carolina. Two other car dealers have entered pleas, although they were not sentenced during this reporting period. Sentencing will be completed upon completion of the presentencing report by the Federal Probation Office.

Citizen's requests for odometer verifications were down slightly. The Department received fifty two requests for verification of odometer readings, two cases were referred for criminal prosecution. Also, the Department was able to obtain \$9,000.00 in restitution for victims of odometer tampering. Federal magistrates ordered defendants to pay the Department \$3,500.00 for investigative costs on two cases.

The newly appointed United States Attorney has asked the joint State-Federal odometer investigations to continue.

During FY 1991-1992, the Department continued its efforts in litigating various civil suits commenced in previous years. The Department sued one hip-pocket lender in Horry County that made high rate loans to individuals and occasionally demanded post-dated checks for the debts to ensure payment. That matter was determined by a simultaneous settlement of both that suit and of criminal charges filed by the Horry County Solicitor. The lender agreed to have all outstanding loans voided (amounting to

approximately \$60,000.00) and to provide fifteen thousand dollars (\$15,000.00) paid to the Clerk of Court and administered by the Department to repay injured borrowers. The refund checks to borrowers are currently being mailed. The \$10,000 fund established by the Circuit Court showed the Department to refund approximately 24 cents on the dollar to affected consumer borrowers for illegal charges.

The Department filed a motion in Federal District Court for summary judgment in the Landbank Equity case, which has been pending since 1985. The Department is seeking an injunction against the company's principals to prevent them from continuing predatory loan practices. Fortunately, the requested relief is not likely to be effective until the principals get out of federal prison. They have been incarcerated for federal fraud charges connected with their lending operation. It is expected that the motion will be heard or otherwise determined early in FY 1992-1993.

The Department continued pursuing its case against a lender disguising its operation as an automobile sale/leaseback business. The business lent money to individuals and had them sign their vehicle titles in blank, simultaneously signing purported sales and lease agreements. Trial was held June 16, 1992 and the Circuit Court's verdict for approximately \$220,000.00 in favor of the Department was issued after the end of the fiscal year. Unfortunately, the Department's efforts resulted in the owner of the business fleeing the state shortly after the Department obtained an injunction in May of 1991, and it is uncertain how much of the verdict will be collectable. After the time for an appeal has run, however, the Department intends to attempt to access a \$15,000.00 bond filed with the Highway Department in an attempt to reimburse persons whose vehicles were illegally repossessed by the business.

Appeals

An administrative case opinion issued by the Administrator in a previous fiscal year was appealed to the Circuit Court. The case involved a company that was making loans to individuals but characterized the loans as purchases of income tax refunds. The Circuit Court in January of 1992 upheld the Administrator's Cease and Desist Order which determined the transactions were indeed loans made at rates exceeding 18% Annual Percentage Rate, thereby violating the Consumer Protection Code. The Court's ruling in favor of the Department was not further appealed by the company.

Administrative Enforcement

During FY 1991-1992, the Department continued and increased its efforts in administrative enforcement of the South Carolina Consumer Protection Code and the other statutes administered by the Department.

In particular, the staff brought before the Administrator an unfair trade practice case against a bulk meat seller. The staff accused the seller of bait and switch sales tactics, violation of the FTC's Door-to-Door solicitation rule and other deceptive practices. The Administrator ruled in favor of the staff, issuing an order requiring the seller to cease and desist and pay a \$7,500.00 fine. In another case, the staff obtained a \$7,500 fine and a consent order against a pawnbroker accused of accepting stolen firearms in pawn and failing to keep accurate records of the transactions. A summary of these and other administrative cases is set forth in Schedule A. In addition, The staff obtained a consent order, a fine and an assurance of curative procedures from a retail chain accused of false advertising in connection with the going out of business sales of certain of its locations.

The Department also maintained its advertising review system designed to prevent Truth in Lending or Unfair Trade Practices violations in consumer advertising and to encourage the use of established guidelines in advertising. A media advertisement by a merchant which appeared to be violative cause the staff to send a review letter explaining the problem and recording it for later use in the event enforcement action is necessary. A breakdown of subject and category of these review letters is set forth in Schedule B.

Licensing Application Reviews

The staff routinely receives and acts upon license applications for prospective pawnbrokers, mortgage loan brokers, physical fitness service providers, motor clubs and athletic agents. The staff must make determinations ranging from adequacy of financial security to character and fitness, fingerprint identification and recommendations of local law enforcement agencies (pawnbrokers). A breakdown of application reviews is set forth in Schedule C.

Compliance Reviews

The staff also reviews licensed businesses for compliance with governing laws. The staff compares the providers' contracts and payment records against prepared checksheets for accuracy, disclosure compliance and compliance with Code limitations. A month by month breakdown of reviews conducted in FY 1991-1992 is set forth in Schedule C.

Special Projects

During FY 1991-1992, the staff continued an ongoing investigation in cooperation with the U. S. Attorney's office into fraud in the sale of manufactured housing, resulting in five

SCHEDULE A

Administrative Enforcement Hearings: 87

Month	Phys. Fit.	Pawn- broker	Mortg. Broker	Tele. Sol.	Prob. Cause	Board Fin.	Other
July, 1991	0	1	0	0	0	0	0
August, 1991	0	3	0	0	0	0	0
September, 1991	8	7	0	0	0	0	0
October, 1991	3	2	1	0	0	0	0
November, 1991	0	0	0	0	0	0	11
December, 1991	1	0	0	0	0	0	2
January, 1992	0	1	0	0	0	0	2
February, 1992	16	0	0	0	0	0	1
March, 1992	1	1	0	0	1	0	0
April, 1992	1	0	0	0	0	0	0
May, 1992	25	0	0	0	0	0	0
June, 1992	0	0	0	0	0	0	0
TOTALS	55	14	1	0	1	0	16

Enforcement Hearing Resolutions

Resolution	Phys. Fit.	Pawn- broker	Mortg. Broker	Prob. Cause	Board of Fin Inst	Other
Filed Before Hearing	12	0	0	0	0	3
Filed After Hearing	1	1	0	0	0	0
Settlement w/ Complaint	2	1	0	0	0	0
Resolution & Fine						
Settlement w/ Fine	25	5	0	0	0	4
Settlement w/ License Surrender	0	1	0	0	0	0
Cease & Desist Order	0	0	0	0	0	0
License Revoked	0	0	0	0	0	0
Order w/ Fine	7	3	0	0	0	1
Other Order	0	2	0	1	0	0
Consumer Reimbursement	0	0	0	0	0	0
Dismissed*	7	0	0	0	0	6
Continued to FY1991-92	1	1	1	0	0	0
Under Advisement	0	0	0	0	0	2

* These cases were dismissed because the businesses had closed.

SCHEDULE B

Advertising Review Letters: 286

Month	Automobile	Manufact'd Housing	Jewelry	Regulated Business	Other
July, 1991	1	1	1	0	0
August, 1991	14	47	0	0*	2
September, 1991	23	0	0	3	0
October, 1991	32	0	0	1	3
November, 1991	2	0	3	1	1
December, 1991	0	2	0	0	0
January, 1992	0	0	0	2	2
February, 1992	20	0	2	3	6
March, 1992	25	0	0	2	7
April, 1992	1	1	0	0	0
May, 1992	43	0	1	0	0
June, 1992	29	5	0	0	0
TOTALS	190	56	7	15	21

Breakdown of letters according to nature of business and subject of letter

Subject	Automobile	Manufactured Housing	Jewelry	Regulated Business	Other
TIL	37	54	0	0	1
Lease	51	0	0	0	2
Free	7	1	0	0	3
Rebate	42	0	0	0	0
Add-ons	3	0	0	0	0
New/Used	1	0	0	0	0
Sp Purchase	14	0	0	0	0
Liquidation	2	0	0	0	0
Factory	5	0	0	0	0
Author's'd					
Publ Notice	3	0	0	0	0
Wholesale	0	0	1	0	1
Other*	24	1	6	12	14

*Other includes problems that may fit into one of the listed categories but were not specifically identified

Automobile Advertising Review Letter Monthly Breakdown

Subject	7/91	8/91	9/91	10/91	11/91	2/92	3/92	4/92	5/92	6/92
TIL	0	2	6	11	2	3	3	1	8	1
Lease	0	2	3	6	0	5	7	0	18	10
Free	0	0	1	1	0	2	1	0	2	0
Rebate	0	4	1	2	0	5	5	0	8	17
Cash/Trade	0	0	0	0	0	0	0	0	0	0
Add-ons	0	3	0	0	0	0	0	0	0	0
Year/Model	0	0	0	0	0	0	0	0	0	0
New/Used	0	0	0	0	0	0	0	0	1	0
Special										
Purchase	0	1	6	4	0	2	0	0	1	0
Liquidation	0	0	0	0	0	2	0	0	0	0
Factory										
Auth'z'd	0	0	2	2	0	0	0	0	0	0
'Guar'teed										
Trade	0	0	0	0	0	0	0	0	0	0
Public										
Notice	0	0	1	1	0	0	1	0	0	0
Dealer										
Cost	0	0	0	0	0	0	0	0	0	0
Other	1	0	3	5	0	1	8	0	5	1

SCHEDULE C

Licensing Application Reviews: 1444

Month	Pawn- brokers	Mortgage Brokers	Physical Fitness	Motor Clubs	Club Reps	Athletic Agents
July, 1991	58	8	34	0	0	0
August, 1991	27	10	23	0	0	1
September, 1991	14	39	23	6	0	0
October, 1991	12	36	19	21	9	0
November, 1991	5	5	139	3	2	1
December, 1991	14	7	197	2	0	1
January, 1992	10	8	158	0	0	0
February, 1992	10	8	68	1	9	3
March, 1992	12	12	37	0	0	3
April, 1992	5	2	48	0	9	1
May, 1992	87	5	49	0	1	0
June, 1992	125	6	40	0	4	0
TOTALS	379	146	835	33	34	10

SCHEDULE D

Compliance Reviews: 834

Month	Pawnbroker	Physical Fitness	Rent-to-Own	Loan Broker	Other
July, 1991	1	20	65	0	0
August, 1991	4	58	33	0	0
September, 1991	10	68	6	0	0
October, 1991	17	59	13	3	0
November, 1991	16	23	27	0	0
December, 1991	20	29	13	0	0
January, 1992	18	7	2	0	0
February, 1992	28	9	0	14	0
March, 1992	14	17	0	10	0
April, 1992	39	25	2	12	0
May, 1992	10	32	1	14	0
June, 1992	12	51	4	4	0
TOTALS	189	398	166	57	0

PUBLIC INFORMATION AND EDUCATION SECTION

A. Public Information Activities

During the twelve months covered by this report the public information director and staff prepared news releases, magazine articles, scripts, speeches and maintained contact with newspapers, television or radio personnel through daily contacts and professional associations.

(a) In March 1991 a \$10,700.00 grant was awarded to the Department by the National Coalition for Consumer Education (NCCCE)/ AT&T Credit Education Fund to utilize a mass media approach to expose consumers to credit information and education.

The focal points of programming for this project were a statewide mass media awareness/educational campaign and a one-day intensive conference on credit. To accomplish this four public service announcements were developed and produced by the Department and the South Carolina Educational Television Network on the Fair Credit Billing, Fair Debt Collection, Fair Credit Reporting and Equal Credit Opportunity laws.

The psa's began airing in August, 1991 across the state in all major television markets. After each spot there is a toll-free number that consumers can call for educational material. To date over 6,500 credit information packets have been distributed to South Carolina consumers. NOTE: The psa's are continuing to run on stations around the state. Department staff conducted radio and newspaper interviews regarding credit information available from the Department and arranged with Equifax Credit Reporting Services to provide free copies of consumers credit reports during National Consumers Week and at the conference CREDIT: LIFE OR DEBT (a number of call-in shows were done so that the listening audience could participate). A booth was set up at the SC State Fair (over 10,000 pieces of credit information distributed).

Over 3,000 invitations to the credit conference were sent to low-income service providers and the general public. Participants were identified through social service agencies, military organizations, family service centers, schools and community agencies. The conference CREDIT: LIFE OR DEBT was extremely successful. There were over 400 people in attendance. NOTE: See news article and conference program. Ann Windham Wallace, President Bush's Special Assistant for Consumer Affairs was the conference keynote luncheon speaker. The conference focused on educating and informing the general public and low-income service providers on ways to, use credit wisely. In addition to Wallace speakers included John Baker, Senior Vice President, Equifax, Lemuel Dowdy, Federal Trade Commission, local bankers, community leaders and Department staff. Ann Wallace discussed her concerns about financial privacy and the need for amendments to update the Federal Fair Credit Reporting Act. Eight of the state's largest banks also exhibited at the conference.

(b) The Administrative Assistant continued a public information "recall" service (RECALL ROLLCALL) which consists of a bi-monthly four-page release listing recalls in the areas of food, vehicles, drugs, toys, and products. After media distribution is made, all recall notices are placed in the computer system under the subject category for quick access upon consumer request. This service generates over 300 calls monthly.

(c) Continued to coordinate the activities of the South Carolina Consumer Education Council. This twenty-five member Council continued to improve and expand consumer education in schools, promote consumer education in non-traditional settings and coordinate efforts with business and government agencies so that duplication and gaps are eliminated.

(d) Arranged over 200 media contacts for appropriate SCDCA staff.

(e) Continued to produce a weekly in-house organ called THE WEEK AHEAD which is designed to improve communications and morale among agency personnel.

(f) Served as the liason for the Employee Suggestion program. Attended meetings, submitted material for publication and developed and coordinated in-house programs and activities.

(g) Public Information Director also performed a variety of activities such as speeches, workshops and seminars for South Carolina consumers.

B. Educational Activities

The S.C. Department of Consumer Affairs utilized workshops, speeches, and media presentations to provide consumer education assistance to a wide cross-section of South Carolinians. The Department's educational activities continued to focus on a theme of "preventative consumerism" on such subjects as how to avoid frauds and schemes, healthy skepticism, effective consumer practices in handling consumer transactions ranging from automobile repairs to mail order purchases, coping with marketplace practices, and communicating more effectively with businesses in the resolution of complaints and problems arising out of consumer purchases of goods and services.

The educational programs were directed at students and teachers K-12 and college levels; and were provided for health institutions, churches, adult education programs, senior citizen groups, and other government agencies.

(a) Speeches were presented at 90 South Carolina schools, institutions of higher learning, business and professional groups and other civic and church related organizations. Consumer education exhibits and/or presentations were made at the following conferences:

1. State Home Economics Conference
2. State Superintendents and Administrators Conference
3. State Adult Education Conference
4. S.C. Council on Aging/Mental Health
5. The New Principal's Academy
6. Summer Leadership Academy - School Principals
7. S.C. State Fair
8. S.C. Displaced Homemakers and Sex Equity Conference.
9. Statewide Health Fairs

(b) Maintained a Consumer Product Safety Network across the state involving representatives from businesses, health organizations, the educational system and other state and local agencies. The Department participated in workshops and health fairs sponsored by these agencies.

(c) Continued to work in cooperation with the Department of Social Services for its "Living Incentives for Tomorrow" program. The Program involves teenagers to senior citizens.

(d) Continued to promote a Consumer Education Program entitled "Needs and Wants" that introduces the basic concepts of consumerism to the elementary student. Designed for grades 1-6, it encourages the use of critical thinking and decision making skills for the young consumer.

DIVISION OF CONSUMER SERVICES

A. Consumer Complaint Procedure

When a consumer has a complaint, he or she should first give the business an opportunity to remedy the situation. If personal contact and subsequent discussion do not resolve the problem, the consumer should contact the S.C. Department of Consumer Affairs. Consumers can call the S.C. Department of Consumer Affairs from anywhere in the state at no charge by using the department's toll free WATS line (1-800-922-1594). The consumer should briefly describe the nature of the problem. In most cases, the consumer will be sent a complaint form which should be filled out with all pertinent information and returned to the S.C. Department of Consumer Affairs along with copies of all contracts, warranties, guarantees, advertisements or other written agreements or transaction documentation. When the complaint form is returned, it is assigned to a complaint analyst who carefully reviews the complaint and determines what action should be taken. If a complaint falls within the jurisdiction of another state or federal agency, it is referred to that agency for action. The first step in resolving a typical complaint is to mail a copy of the consumer's complaint to the business complained against with an accompanying form from the department requesting that the business state its position, and suggest a resolution if it is the opinion of the business that an action is appropriate. When a reply is received from the business, the complaint analyst assigned to the complaint studies the position of both the consumer and the business and recommends further action or an appropriate closing. The activities of the Consumer Services Division breaks down into two separate categories which are summarized on the following Tables I and II.

Table I (and accompanying explanation) summarizes the day-to-day work activities in terms of number of telephone calls received, responded to and referred, complaints received, and other information and statistics of the work activities associated with that division.

Table II (and accompanying explanation) summarizes the manner in which complaint cases were completed and closed during FY 1990.

The Division Director gave speeches, interviews, and presentations to civic groups, newspapers, TV reporters and other media regarding consumer complaints. Consumer Services continued its coordination with the Public Information and Education Section in alerting them to unique consumer problems, scams and concerns which might warrant consumer education and media attention efforts. Consumer Services staff also continued to identify violations and to refer them to the Legal Department for action.

TABLE I

	FY1992	FY1991	FY1990
1. Telephone calls & inquiries received	50,279	64,244	64,041
2. Percent of Increase over Previous Year	.0%	.3%	24.8%
3. Written Complaints Received*	4,891	4,560	5,555
4. Telephone Inquiries Referred to other State/Federal Agencies	4,626	3,806	3,129

* The Department attempts to handle and resolve as many cases as possible during telephone conversations with the consumers and businesses involved in an effort to provide immediate assistance and to reduce administrative expenses such as postage and supplies.

DIVISION OF TABLE I SERVICES

Explanatory Notes

1. This item refers to the total number of telephone calls received and handled by the Consumer Services Division. This includes general inquiry, advice and information calls; inquiries about whether or not a complaint has been filed against a company; etc.
2. This item refers to the percent of increase in total telephone calls received over the previous year.
3. No explanation necessary.
4. This item refers to automobile related complaints filed with the S.C. Department of Consumer Affairs but referred to AUTOCAP (Automotive Consumer Action Program) in a third-party mediation system designed to help dealers and consumers resolve disputes amicably and without resorting to litigation.
5. No explanation necessary.
6. No explanation necessary.
7. No explanation necessary.

Table I (and accompanying explanation) summarizes the day-to-day work activities in terms of number of telephone calls received, referred to and referred, complaints received, and other information and statistics of the work activities associated with this Division.

Table II (and accompanying explanation) summarizes the manner in which complaint cases were completed and closed during FY 1999.

The Division Director gave speeches, interviews, and presentations to civic groups, newspapers, TV reporters and other media regarding consumer complaints. Consumer Services continued its coordination with the Public Information and Education Section in alerting the public to unique consumer problems, issues and concerns which might warrant consumer education and media attention efforts. Consumer Services staff also continued to identify violations and to refer them to the Legal Department for action.

TABLE II
Written Complaints Closed
July 1, 1991 - June 30, 1992

CLOSING STATUS	NUMBER	PERCENT
Satisfied	2196	74.0
Unsatisfied	313	11.0
Insufficient Merit	51	2.0
Abandoned by Consumer	198	7.0
Undetermined or Disputed Facts	191	6.0
Subtotal	2949	
Referred	1093	
Information Only	<u>760</u>	
TOTAL	4802	
100%		

TABLE II
Explanatory Notes

\$513,113.00 was recovered for consumers in refunds, or adjustments during FY 1992. 4802 complaints were closed in the year ending June 30, 1992. Of this total, 2196 of the 2949 complaints actually handled by the division were closed as satisfied. Not all of the consumers whose complaints were closed as satisfied received refunds. Some of these consumers received an explanation from the business which the S. C. Department of Consumer Affairs accepted as satisfactory.

1093 complaints were referred to other state or federal agencies having primary jurisdiction in the matter about which the consumer complained. Seven hundred and sixty (760) of the complaints were closed as information only, and required no action by the Department.

Table III
Complaint Categories Containing Greatest
Number of Complaints

Rank in FY 1992		Rank in FY 1991	Number FY 1992	Percent of Total Complaints
1.	Vehicles	1	988	20.2
2.	Scams/Prizes	6	696	14.2
3.	Financial Institutions	3	490	10.0
4.	Contractors/Builders	2	338	6.9
5.	Credit	5	237	4.8
6.	Appliances	4	221	4.5
7.	Stores	9	167	3.4
8.	Mail Order	7	162	3.3
9.	Utilities/Cable	--	141	2.9
10.	Home Furnishings	10	141	2.9

Table IV
Written Complaints Received by County

July 1, 1991 - June 30, 1992

Counties	Population	Complaints Received	Complaints per 1000 Persons
Abbeville	23,862	17	.71
Aiken	120,940	103	.85
Allendale	11,722	7	.60
Anderson	145,196	113	.78
Bamberg	16,902	12	.71
Barnwell	20,293	17	.84
Beaufort	86,425	95	1.10
Berkeley	128,776	85	.66
Calhoun	12,753	17	1.33
Charleston	295,039	335	1.14
Cherokee	44,506	40	.90
Chester	32,170	29	.90
Chesterfield	38,577	17	.44
Clarendon	28,450	25	.88
Colleton	34,377	26	.76
Darlington	61,851	50	.81
Dillon	29,114	23	.79
Dorchester	83,060	77	.93
Edgefield	18,375	11	.60
Fairfield	22,295	37	1.66
Florence	114,344	103	.90
Georgetown	46,302	52	1.12
Greenville	320,167	242	.76
Greenwood	59,567	32	.54
Hampton	18,191	9	.49
Horry	144,053	108	.75
Jasper	15,487	29	1.87
Kershaw	43,599	91	2.09
Lancaster	54,516	7	.13
Laurens	58,092	39	.67
Lee	18,437	17	.92
Lexington	167,611	510	3.04
McCormick	8,868	2	.23
Marion	33,899	66	1.95
Marlboro	29,361	15	.51
Newberry	33,172	54	1.63
Oconee	57,494	46	.80
Orangeburg	84,803	126	1.49
Pickens	93,894	19	.20
Richland	285,720	1281	4.48
Saluda	16,357	9	.55
Spartanburg	226,800	176	.78
Sumter	102,637	113	1.10
Union	36,815	33	.90

Williamsburg	36,815	37	1.01
York	131,497	68	.52
<hr/>			
TOTAL, SC	3,486,703	4420	
TOTAL - N.C. GA.,			
OTHER		471	
TOTAL WRITTEN COMPLAINTS		4891	

1	1	259	2.02	Abbeville
2	6	585	2.41	Aiken
3	17	52,865	2.01	Allendale
4	2	120,940	2.5	Anderson
5	2	1,135	1.96	Bamberg
6	111	142,496	2.05	Bartholomew
7	12	16,005	2.07	Beaufort
8	17	20,507	2.05	Berkley
9	95	86,825	2.14	Calhoun
10	85	128,176	2.52	Charleston
11	17	12,752	2.06	Cherokee
12	228	292,039	2.17	Chester
13	40	44,506	2.17	Chesterfield
14	29	22,170	2.17	Clarendon
15	17	28,277	2.17	Colleton
16	25	28,430	2.17	Darlington
17	26	24,277	2.17	DeKalb
18	50	61,821	2.17	Douglas
19	23	20,114	2.17	Effingham
20	17	82,060	2.17	Fairfield
21	11	18,273	2.17	Fayette
22	37	52,298	2.17	Flint
23	103	114,244	2.17	Franklin
24	25	44,202	2.17	Georgetown
25	245	320,167	2.17	Greenville
26	25	29,267	2.17	Hampton
27	9	16,191	2.17	Hart
28	108	144,023	2.17	Horry
29	29	12,487	2.17	Jasper
30	91	42,299	2.17	Kershaw
31	7	24,216	2.17	Lancaster
32	39	28,092	2.17	Laurens
33	13	18,437	2.17	Lee
34	210	167,411	2.17	Lexington
35	5	8,868	2.17	McCormick
36	66	22,899	2.17	Martin
37	15	20,361	2.17	Marion
38	24	22,172	2.17	Mecklenburg
39	46	27,494	2.17	Milledgeville
40	156	84,802	2.17	Monroe
41	19	22,894	2.17	Murphy
42	1581	222,720	2.17	Nash
43	9	16,327	2.17	Newton
44	176	224,860	2.17	North
45	113	102,827	2.17	Orangeburg
46	33	26,812	2.17	Pamlico

DIVISION OF CONSUMER ADVOCACY

I. Function

The Division provides legal representation of the consumer interest before state and federal regulatory agencies undertaking to fix rates or prices for consumer products or services, enact regulations or establish policies. The Division also monitors regulations, rate structures and policies of consumer-related agencies and reports proposed changes and the effect of such changes on the lives of the citizens of the State to the public through the media.

II. Administrative Hearings

A. Public Service Commission (PSC)

The Division of Consumer Advocacy participated in 177 proceedings before the Public Service Commission (PSC) 95 of which were carried over from the previous year involving approximately \$90 million. Those hearings involved requests for rate increases and new charges by electric utilities, gas companies, telephone companies, transportation companies and water and sewer companies. The PSC approved increases totaling approximately \$42.5 million in additional revenues or 47% on average of the amounts requested. In some cases, the Division of Consumer Advocacy presented expert testimony on cost of capital, accounting, and rate design issues under consideration.

In addition, the Division of Consumer Advocacy assisted customers of both regulated and non-regulated utilities with inquiries about their bills and possible service problems.

B. S.C. Department of Insurance

The Division of Consumer Advocacy participated in hearings involving 32 insurance filings at the S.C. Department of Insurance. Those filings involved 20 automobile insurance cases, 6 homeowners cases, 5 medical professional liability cases, 3 workmen's compensation cases, and various other cases. In the completed cases, the Chief Insurance Commissioner approved increases in premiums totaling approximately \$140 million or 67% of the \$208 million requested.

The Division of Consumer Advocacy also assisted consumers with insurance related inquiries.

Finally, the Division of Consumer Advocacy monitored insurance legislative developments and reviewed various legislative proposals that would affect South Carolina policyholders.

C. Continuing Care Retirement Communities

The Division of Consumer Advocacy drafted emergency and permanent regulations to implement the provisions of the

Continuing Care Retirement Community Act, which became effective on July 1, 1991. The General Assembly approved the permanent regulations on June 4, 1992. The Department is to license facilities under this Act by assessing their financial soundness. The Division participated in 3 public hearings on the regulation and 3 contested case hearings pertaining to facility licensing.

D. Federal Agencies

1. Federal Energy Regulatory Commission (FERC)

The Division of Consumer Advocacy is participating in the restructuring proceedings of Transcontinental Gas Pipe Line Company, RS-92-86-000; and Southern Natural Gas Company, RS-92-10-000; which are a result of FERC's Order No. 636 and 636-A. These orders have called for a restructuring of the natural gas industry in hopes of making the industry more competitive. However, the restructuring could end up costing consumers heavily as companies seek to recover the costs related to restructuring. The Division will also monitor appeals of Orders 636 and 636-A in the federal courts.

Consumer Advocacy is involved in a proceeding whereby Duke Power Company is seeking approval from the Federal Energy Regulatory Commission to sell 400 mw of firm capacity to Carolina Power Light Company.

2. Federal Communications Commission (FCC)

The Division of Consumer Advocacy monitored a variety of decisions, policies, and proposals before the Federal Communications Commission affecting South Carolina telecommunications subscribers.

The Division of Consumer Advocacy is still participating in a pending FCC Notice of Proposed Rulemaking concerning price cap regulations and policies for dominant, as well as local exchange, carriers.

The Division of Consumer Advocacy filed Reply Comments on behalf of the National Association of State Utility Consumer Advocates (NASUCA) in CC Docket No. 91-281 concerning the establishment of rules and policies regarding interstate Caller ID services. There is currently no uniform nation-wide standard for blocking of a party's calling number. The position taken by the CA and NASUCA is that telephone carriers providing interstate Caller ID should respect any form of blocking allowed by the state in which the call originates; that the FCC should not establish a nation-wide policy that would lessen any protections currently established by individual states; and that other forms of calling number identification which cannot be blocked, such as Automatic Number Identification (ANI), be discontinued in favor of methods which do allow consumers to choose to block their calling number. The FCC has not yet issued a decision.

The Division of Consumer Advocacy filed comments in DA 92-590 in which the FCC is considering whether to preempt the

regulations adopted by the South Carolina Public Service Commission governing blocking of access to pay-per-call services using the 900 and 976 prefixes. The PSC had required that a ballot be sent to all local telephone customers in South Carolina to make a choice whether or not they wanted their telephone's access to these services blocked. The PSC determined that if the ballot was not returned, that customer would have his access blocked. Several pay-per-call organizations have asked the FCC to force the PSC to determine that ballots not returned would not have their access automatically blocked. Due to the overwhelming flood of complaints received by the Department concerning 900 charges, the Division has fully supported the PSC's decision. The FCC has not yet issued a decision.

III. Civil Proceedings

A. Utility Litigation

The Division of Consumer Advocacy has been involved in 24 appeals to the Circuit Court of final orders of the Public Service Commission. Four cases were argued by the Division of Consumer Advocacy before the Circuit Court. Eight cases were argued before the S.C. Supreme Court and five are pending before that Court.

The Division of Consumer Advocacy has continued to monitor Federal court cases in conjunction with the National Association of State Utility Consumer Advocates (NASUCA).

IV. Organizational Involvement

The Consumer Advocate served on the Reinsurance Facility Board of Governors and provided recommendations on various automobile insurance issues.

During the past year the Deputy Consumer Advocate served as Secretary and as an Executive Committee member of the National Association of State Utility Consumer Advocates (NASUCA). In that capacity he and other Division of Consumer Advocacy attorneys actively participated in seminars and public service talks on utility-related matters.

Staff Attorneys for the Division of Consumer Advocacy served on the NASUCA Gas, Water, Electric and Telecommunications Committees.

A Staff Attorney serves on the Advisory Committee for the S.C. Telephone Relay service, which provides a bridge between the deaf-hard of hearing community and the rest of the state's citizens.

V. Legislative Involvement

A. Federal Legislation

At its request, the Division of Consumer Advocacy continued to assist the National Association of State Utility Consumer Advocates (NASUCA) in its ongoing evaluation of the potential impact of holding company act amendments, and other energy and telecommunications issues.

The Division of Consumer Advocacy also monitored other Federal legislation related to FERC and FCC regulatory matters.

B. State Legislation

The Division of Consumer Advocacy monitored and evaluated legislation affecting the interests of consumers. The Consumer Advocate and Staff Attorneys for the Division testified before legislative committees and sub-committees regarding automobile, workers' compensation and health insurance, and telecommunications.

C. Administrative Regulations

The Division of Consumer Advocacy participated in hearings on the promulgation of Public Service Commission regulations governing 900 and 900 type telephone numbers in South Carolina.

INFORMATION PROCEDURE

Requests for information may be made to any appropriate division of the S.C. Department of Consumer Affairs. The appropriate division for inquiries relating to complaints or statistics is the division of Consumer Services. The appropriate division for inquiries relating to office management, personnel, budget, notifications, and fees is the division of Administration.

All requests for information which require a response in the nature of a legal opinion or interpretation or a statement of official policy or position of the agency must be submitted in writing.

Submissions or suggestions designed to improve the operation of the S.C. Department of Consumer Affairs should be submitted in writing to the Administrator of the S.C. Department of Consumer Affairs, without regard to the division or activity to which they may pertain.

Requests for copies of publications, which may from time to time be issued by the S.C. Department of Consumer Affairs, should be addressed to the division of Administration. These requests may be in writing, by telephone or by personal visit.

Requests or submissions of any nature may be made in writing to the office of the Administrator of the S.C. Department of Consumer Affairs.

The agency's offices are located at 2801 Devine Street, Columbia, S.C. The mailing address is the S.C. Department of Consumer Affairs, P.O. Box 5757, Columbia, S.C. 29250. The number is 1-800-922-1594 (toll free in South Carolina).

HISTORICAL DATA

August 13, 1974	The S.C. Department of Consumer Affairs was established by Act 1241 of 1974, as amended.
August 19, 1974	First commissioners appointed to the S.C. Commission on Consumer Affairs.
August 29, 1974	First members appointed to the Council of Advisors on Consumer Credit.
September 30, 1974	Irvin D. Parker of Columbia appointed as the first administrator of the S.C. Department of Consumer Affairs.
November 1, 1974	S.C. Department of Consumer Affairs became operational.
September 29, 1976	Act 686 of 1976, which added to the S.C. Consumer Protection Code those portions of the Uniform Consumer Credit Code which pertained to loans and licensed lenders, became effective.
July 25, 1978	The Division of Consumer Advocacy was created by Act 644, as a new division within the S.C. Department of Consumer Affairs, with the designation of the Administrator of Consumer Affairs as the Consumer Advocate. Steven W. Hamm named first head of Division. The Act also altered the composition of the Commission on Consumer Affairs, increasing its membership to 11.
Spring, 1980	Acts 326, 337, 411, 433 and 475 were passed which provided substantial changes to the S.C. Consumer Protection Code. These changes included clarification of the law regarding usury; retention of minimum charge for consumer credit sales/loans repayment; brought State Chartered Credit Unions under the S.C. Consumer Protection Code; allows 90 days for the S.C. Insurance Commissioner to approve or disapprove forms and rate schedules; provides escalator provision for designated dollar amounts in S.C. Consumer Protection Code; increased allowable rates for revolving charge accounts and for nonsupervised lenders; conformed 3 month S.C. Consumer Protection Code notice provision to Federal Reserve Board regulation; addresses mail order loan

	territorial situation.	application	sales/loan
June 12, 1981	Act No. 107, the S.C. Private Personnel Agency Act was passed. This legislation licenses, regulates and monitors the activities of employment agencies or individuals engaged in obtaining employment for others and designates the S.C. Department of Consumer Affairs, among others, as an agency responsible for investigating complaints from consumers about the activities of employment agency type businesses as well as using their enforcement jurisdiction and authority when appropriate.		
July 1, 1981	Irvin D. Parker of Columbia resigned as administrator/consumer advocate of the S.C. Department of Consumer Affairs.		
August 4, 1981	Roy C. Harms appointed Acting Administrator of the S.C. Department of Consumer Affairs. Steven W. Hamm appointed Acting Consumer Advocate of the S.C. Department of Consumer Affairs.		
September 22, 1981	Steven W. Hamm of Columbia appointed as Administrator/Consumer Advocate of the S.C. Department of Consumer Affairs.		
July 1, 1982	Act 385, the Consumer Protection Code Revision Act of 1982 became effective. The act deregulates interest rates and provides for a business established maximum rate structure. All first mortgage loans were removed from the S.C. Consumer Protection Code and some additional charges were provided for. Consumer protections were increased by strengthening the provisions on unconscionability, requiring other state agencies to investigate complaints, providing the S.C. Department of Consumer Affairs with authority to investigate unfair trade practices and to file suit on behalf of consumers when the actual damages were \$300 or less.		
December, 1983	Governor Richard W. Riley designated the S.C. Department of Consumer Affairs as an additional official liaison with the U.S. Consumer Product Safety Commission which has duly commissioned its officials, under the		

authority of the U.S. Consumer Product Safety Act, to conduct inspections and investigations under the Consumer Product Safety Act, the Federal Hazardous Substances Act, the Poison Prevention Packaging Act, the Flammable Fabrics Act, and the Refrigerator Safety Act.

September 20, 1984

The Motor Club Services Act became effective. The act requires that any organization which sells, furnishes or makes available to its members any motor club services must obtain from the S.C. Department of Consumer Affairs a Certificate of Authority to operate. Application for an operating Certificate of Authority requires a bond or deposit of bond in cash or securities of \$50,000, a certified copy of its charter from the Secretary of State, articles of incorporation, by-laws, financial statement and an explanation of its plan for doing business plus other documentation. The law applies to towing services, bail and arrest bond service, emergency road services, claim adjustment services, legal services, map services, emergency travel expense services, merchandise and discount services, travel touring and travel information services, financial services, check cashing services, personal property registration services, credit card services, insurance services, and buying and selling services to club members.

June 6, 1985

Act No. 127 of 1985 became effective. The act provides that a creditor may contract for property insurance on property all or part of which is related to the credit transaction.

June 20, 1985

Act No. 153 of 1985 was signed into law by Governor Richard W. Riley. The act amended the Consumer Protection Code so as to make it clear that it was unconscionable to charge excess prepaid finance charges no matter how those charges were designated if they substantially exceeded the usual and customary charges for a particular type of loan. The intent of the act was to prevent misrepresentation of rates and the charging of unconscionable rates no matter how they were disclosed or identified.

June 24, 1985

Governor Richard W. Riley signed the Physical Fitness Services Act into law. The act provides that everyone providing physical fitness services, for profit, in South Carolina must pay a yearly fee and obtain a Certificate of Authority from the S.C. Dept. of Consumer Affairs. Organizations utilizing membership contracts must post a bond or demonstrate financial responsibility that will satisfy claims against the business. All operators must submit a certified copy of their charter from the Secretary of State, copies of membership agreements and contracts and a list of all outlets. Organizations that have been in business for five years (at the time the legislation was enacted) are exempt from the bonding requirement.

January 1, 1986

Act No. 121 of 1985 became effective. The act added Part 7 to Chapter 2 of the South Carolina Consumer Protection Code. The part regulates consumer rental-purchase agreements and requires rental-purchase businesses to file a notification form with the S. C. Dept. of Consumer Affairs.

May 6, 1986

Act No. 401 of 1986, which authorized a two dollar minimum charge for property insurance, became effective.

May 12, 1986

Governor Richard W. Riley signed into law an act providing that no action for damages arising out of the defective or unsafe condition of an improvement to real property may be brought more than 13 years after substantial completion of the improvement. The act requires the S. C. Dept. of Consumer Affairs to publish notice of owners' or possessors' right to enter into any contractual agreement which extends any guarantee of an improvement being free from defect beyond the 13 years as provided in the act.

June 3, 1988

Act No. 16-17-445 of 1988 became effective. The act placed restrictions on unsolicited and automatically dialed consumer telephone calls and designated the Department as the enforcement agency.

July 1, 1988

Act No. 166 of 1987 became effective whereby

the Consumer Advocate is to review auto insurance rate and recoupment filings to ensure compliance with the Act.

July 1, 1988

Act No. 491 of 1988 became effective. The act defines, clarifies and limits the charges and fees that may be imposed in connection with a pawn transaction and designated the Department as the enforcement agency.

October 1, 1988

Act 544 of 1988 becomes effective. The act clarifies the steps that must be taken by a loan broker before funds from a customer can be earned and retained. The bill also requires loan brokers to register with the Department and to escrow any funds paid by a consumer until such time that the broker secures a loan for the consumer. An amendment to Act 544 was made April 26, 1989 with Act 52§2. The 1989 amendment replaced a penalty of \$1,000 dollars, with a "penalty of no less than one thousand no or more than \$2,500, in the discretion of the administrator," and added provisions relative to decreasing the bonding requirement.

May 30, 1989

Act 119 of 1989. Governor Carroll A. Campbell, Jr. signed into law an act which amended portions of the South Carolina Code relating to credit service and loan finance charges. The act provides that when a lender has filed rates but has not posted them properly, that lender may be subject to a fine of up to \$5,000.00 payable to the Department of Consumer Affairs.

June 5, 1989

Act 142 of 1989. An act typically known as the "Lemon Law" became effective October 1, 1989. It is designed to enforce express warranties on motor vehicles. The act provides for the manufacturer's reasonable attempts to cure, then replacement of the motor vehicle or a refund of the purchase price. The Department was directed to enforce the new act.

June 5, 1989

Act 144 of 1989. An act became effective which amended the Code to delete the requirement that a consumer incur additional debt after notification of a change in terms in revolving charge and loan accounts. The

act also required such a notification to state that the consumer may pay the existing balance under the terms in effect, if the customer chooses to cancel the account. In addition, sections 37-2-405 and 37-3-402 were amended to exempt from their requirements all credit transactions and all consumer loans if the contracts specified a formula for determining the rate of finance charge upon refinancing a balloon payment.

Act 164 of 1989 became effective amending sections 37-2-202, 37-3-202 & 37-10-102. Increases maximum allowed for assumption fees under the S.C. Consumer Protection Code.

July 1, 1989

Act 148 of 1989. The Automobile Insurance Reform Act went into effect in an attempt to lower the cost of mandatory automobile insurance. The act provides, among other things, that insurers be required to grant safe driver discounts. It also provides for a review of rates as well as periodic rate adjustments. Also incorporated in this act is the requirement that occupants of motor vehicles wear properly fastened safety belts. The Department of Consumer Affairs directed to intervene in Automobile Insurance rate filings before the Chief Insurance Commissioner.

July 1, 1990

Act 97 of 1990. The State Continuing Care Retirement Community Act. The act requires that the Department of Consumer Affairs issue a license to a person filing an application in accordance with section 37-11-30 of the S.C. Code of Laws if the Department is satisfied that: (a) the individuals responsible for the conduct of the affairs of the applicant are competent and trustworthy and have good reputations; (b) The continuing care retirement community is financially responsible and can meet its obligations to residents; (c) The operator has demonstrated a willingness and the potential ability to assure that the health care or health-related services will be of good quality; (d) The operator has complied with all requirements of DHEC concerning the furnishing of nursing, medical, or other health-related services.

July, 1990

Act 456 of 1990. The Athletic Agents Act

requires that each athlete agent register biennially with the Department of Consumer Affairs on forms to be provided by the department and, at the same time, pay to the department a registration fee of three hundred dollars, for which the department shall issue a certificate of authority entitling the holder to operate as an athlete agent for two years. The department may revoke or suspend the registration of an athlete agent for cause or for a violation of any provision of this chapter

June 12, 1991

Act 132 of 1991. The Department was made the licensing authority for auto brokers or its sublessors. It prevents brokers from engaging in that business without being bonded, disclosing buyers' and sellers' rights and duties and obtaining the lienholders written authorization to average the sale or sublease.

July 1, 1991

The law added certain allowable fees under the S.C. Consumer Protection Code, reduced allowable credit life premiums and added allowable administrative remedies under the Pawnbroker Act, the Physical Fitness Service Act and Unfair Trade Practices Act. Credit life premium reductions to be effective January 1, 1993.

July 1, 1992

Act 452 of 1992 regulates loan brokers (other than mortgage loan brokers previously regulated) and prevents the taking of advance fees for loan brokering. It is aimed at curbing advance fee loan frauds.

requires that each athlete agent register biennially with the Department of Consumer Affairs on forms to be provided by the department and, at the same time, pay to the department a registration fee of three hundred dollars, for which the department shall issue a certificate of authority entitling the holder to operate as an athlete agent for two years. The department may revoke or suspend the registration of an athlete agent for a violation of any provision of this chapter.

EIGHTEENTH ANNUAL REPORT

OF THE

**DEPARTMENT OF
CONSUMER AFFAIRS**

of the

STATE OF SOUTH CAROLINA

1992

(Covering Period July 1, 1991 through June 30, 1992)

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